
Tobin & Co.

Oliver Township

Kalkaska County, Michigan

Audit Report

For the Year Ended March 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Oliver Township	County Kalkaska
Audit Date 3/31/06	Opinion Date 6/28/06	Date Accountant Report Submitted to State: 7/14/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

TOBIN & CO., P.C.

400 E. EIGHTH ST.

TRAVERSE CITY, MI 49686-2668

Certified Public Accountant (Firm Name)			
231-947-0151			
Street Address	City	State	ZIP
Accountant Signature	Date		

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Oliver Township, Kankaska County, for the year ended March 31, 2006 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Oliver Township taken as a whole.

As a result of our examination, we respectfully submit the following comments and recommendations.

General

The records were maintained in good condition by your present Clerk and Treasurer. Recorded revenues were deposited timely and intact, journals and ledgers were properly posted, Board minutes were maintained in proper order, and supporting documents and follow-up procedures appeared to be in very good order. The efforts of these officials during 2005-2006 are commendable.

Budgets and Procedures

We noted no violations of Act 621 of 1978 (Uniform Budgeting Act). The Township prepared and adopted a budget for its General Fund, and no cost center exceeded its expenditure budget.

Property Tax Administration Fees

A 1% Property Tax Administration Fee is authorized by statute to offset such property tax administration costs as assessing, collecting and the review and appeal process. Fee collections may be used for no other purpose. The Township complied with statutory provisions as its administration expenses exceeded fee collections by \$7,497 for the audit year.

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Comments and Recommendations

Current Tax Collection Fund

1. Property Taxes collected were distributed to taxing units prior to the end of the fiscal year.
2. Receipts were filed in order of payment, and deposits were made timely and intact. All personal property taxes were collected as of March 31, 2006.
3. Schedule 3 reflects the amount levied, collected and returned delinquent for the 2005 property tax levy.

Insurance and Surety Bond Coverage

Records indicate that the Township is insured through Municipal Underwriters of Michigan and has such coverage as Fire and Extended Coverage, General Liability, Workmen's Compensation, Errors and Omissions, and Crime Coverage. Board Minutes indicate that coverage was reviewed by the Board during the fiscal year. The Supervisor, Clerk, Treasurer and their deputies are bonded in amounts ranging from \$5,000 to \$25,000.

Payroll Procedures

Payroll procedures were excellent. Payroll withholdings meet federal and state guidelines. Individual earnings records were maintained, Forms W-2 were issued to all officials and employees, and required reports were submitted on a timely basis. As required by federal statute, the Township withholds and matches Social Security and Medicare taxes.

Other Data

Both the Clerk and Treasurer present monthly reports to the Township Board. This enhances financial management and compliance with statutory requirements with respect to the budget. The annual report prepared by the Clerk was excellent.

After the completion of our audit, we will submit two (2) copies of this report to the State Department of Treasury.

We appreciate the courtesy extended our field auditor in the course of this examination. Your confidence is respected, and please contact us if any questions arise.

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Oliver Township
Kalkaska County
Kalkaska, MI 49646

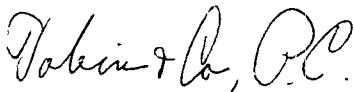
We have audited the accompanying financial statements of the governmental activities and each major fund of Oliver Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Oliver Township at March 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Oliver Township's basic financial statements. The schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Oliver Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



Tobin & Co., P.C.
Certified Public Accountants
June 28, 2006

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OLIVER TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Township Board of Oliver Township, Kalkaska County, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Oliver Township for the fiscal year ended March 31, 2006.

Financial Highlights

The assets of Oliver Township exceeded its liabilities at the close of the most recent fiscal year by \$99,067. Of this amount, \$68,923 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds (General Fund) reported combined ending fund balances of \$68,923, a (decrease) of \$(5,547) in comparison with the prior year. The total amount, \$68,923, is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was 127% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Oliver Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-section business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include: General Government, and Public Safety. The Township has no business-type activities.

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Oliver Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Oliver Township are categorized as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Oliver Township maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, considered to be a major fund. All Township government activities are included in this fund.

The Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial resources because the resources of those funds are not available to support the Township's own programs.

The basic fiduciary fund financial statements can be found on page 10 of this report.

3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

General Fund Analysis and Highlights

Differences between the original general fund budget and the final amended budget were minimal. Amendments increased the Township Hall and Grounds and total budget by \$6,400. This was due to painting and other maintenance. The total dollars spend in general fund activities was \$6,628 (less) than appropriated.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Several noteworthy exceptions are:

1. The Township Board decided after its 2005 annual meeting to repair the township hall and spent over \$6,000 on this project during the audit year.
2. The Township fire and rescue contractual expenditure is based upon taxable value. A large amount of property in the Township is owned by the State, which does its own assessing, resulting in very little increase in taxable value and property taxes.

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Condensed Financial Information

Net Assets

	Governmental Activities	
	3/31/06	3/31/05
Current Assets	\$ 68,923	\$ 74,470
Capital Assets	30,144	31,560
Other Long-term Assets	-	-
Total Assets	99,067	106,030
Current Liabilities	-	-
Long-term Debt	-	-
Other Long-term Liabilities	-	-
Total Liabilities	-	-
Net Assets:		
Investment in Capital Assets		
Net of Related Debt	30,144	31,560
Restricted	-	-
Unrestricted	68,923	74,470
Total Net Assets	\$ 99,067	\$ 106,030

	Activities	
	Governmental Activities	
	3/31/06	3/31/05
Program Revenues:		
Charges for Services	\$ 2,204	\$ 1,657
Operating Grants	7,224	3,935
Capital Grants	-	-
General Revenues:		
Property Taxes	19,491	21,483
State Shared Revenues	17,763	17,300
Other	1,943	3,925
Total Revenues	48,625	48,300
Expenses:		
General Government	49,361	42,152
Public Safety	5,750	5,500
Other	477	653
Total Expenses	55,588	48,305
Change in Net Assets	\$ (6,963)	\$ (5)

Capital Asset and Debt Administration

Capital Assets

The Township's investment in capital assets for its governmental activities as of March 31, 2006, amounts to \$58,692. This investment in capital assets includes: several parcels of land, land improvements, and Township Hall. This is the first year that the total Township's investment in capital assets has been assessed and reported. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful lives. This fiscal year the amount by which depreciation exceeded capital outlays was \$1,416.

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Long-term Debt

At the end of the current fiscal year, the Township had no bonded or installment debt outstanding.

Currently Known Facts, Decisions, or Conditions and Any Significant Future Plans

In the future the Township may need to ask for additional millage to pay for its fire and rescue contract, as well as computerize the Treasurer's and Clerk's offices.

Requests for Information

This financial report is designed to provide a general overview of Oliver Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Oliver Township Clerk, 2851 Sigma Rd., S.E., Kalkaska, MI 49646.

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Oliver Township
Statement of Net Assets and
Governmental Fund Balance Sheet
March 31, 2006

Assets	General Fund	Adjustments (Note 3)	Statement of Net Assets
Cash	\$ 67,600	\$ -	\$ 67,600
Receivables	<u>1,323</u>	-	<u>1,323</u>
Capital Assets			
Land		7,000	7,000
Other Capital Assets, Net of Depreciation		<u>23,144</u>	<u>23,144</u>
Total Assets	<u>\$ 68,923</u>	<u>30,144</u>	<u>99,067</u>
Liabilities			
Total Liabilities	<u>-</u>		<u>-</u>
Fund Balances/Net Assets			
Fund Balance			
Restricted	-	-	-
Unrestricted	<u>68,923</u>	(68,923)	<u>-</u>
Total Fund Balances	<u>68,923</u>		
Total Liabilities and Fund Balances	<u>\$ 68,923</u>		
Net Assets			
Invested in Capital Assets		30,144	30,144
Unrestricted		<u>68,923</u>	<u>68,923</u>
		<u>\$ 30,144</u>	<u>\$ 99,067</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

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Oliver Township
Statement of Activities and
Governmental Fund Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2006

	General Fund	Adjustments (Note 4)	Statement of Activities
Expenditures/Expenses:			
Legislative	\$ 2,350	\$ -	\$ 2,350
General Government	45,595	1,416	47,011
Public Safety	5,750	-	5,750
Unallocated	<u>477</u>	<u>-</u>	<u>477</u>
Total Expenditures/Expenses	<u>54,172</u>	<u>1,416</u>	<u>55,588</u>
Program Revenues:			
Charges for Services	2,204	-	2,204
Operating Grants and Contributions	<u>24,987</u>	<u>-</u>	<u>24,987</u>
Total Program Revenues	<u>27,191</u>	<u>-</u>	<u>27,191</u>
Net Program Revenues (Expenses)	(26,981)	-	(28,397)
General Revenues:			
Property Taxes	19,491	-	19,491
Interest	1,125	-	1,125
Miscellaneous	<u>818</u>	<u>-</u>	<u>818</u>
Excess Revenues (Expenditures)	(5,547)	-	
Change in Net Assets			(6,963)
Fund Balance/Net Assets:			
Beginning of the Year	<u>74,470</u>	<u>31,560</u>	<u>106,030</u>
End of the Year	<u>\$ 68,923</u>	<u>\$ 30,144</u>	<u>\$ 99,067</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

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Oliver Township
Statement of Fiduciary Net Assets
For the Year Ended March 31, 2006

Assets	
Cash	\$ 136
Total Assets	136
Liabilities	
Undistributed Taxes and Interest	136
Total Liabilities	136
Net Assets	\$ -

The Notes to the Financial Statements are an Integral Part of this Statement.

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Oliver Township

Notes to Financial Statements

March 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Oliver Township is a general law township located in Kankaska county. Population as of the 2000 census was 263, and the current state equalized valuation for taxable property is \$18,704,857. The taxable valuation is \$9,832,100.

The Township's general purpose financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*", includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not include.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

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Oliver Township

Notes to Financial Statements

March 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – This Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

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Oliver Township

Notes to Financial Statements

March 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

The General Fund is under formal budgetary control. The budget shown in the financial statements for this fund were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budgets approved and amended by the Township.

In the body of the financial statements, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	15 – 30 years
Buildings	40 – 60 years
Building Improvements	15 – 30 years
Furniture and Fixtures	3 – 5 years
Equipment	3 – 5 years
Vehicles	3 – 5 years

F. Property Tax Procedures and Collections

Properties are assessed as of December 31, and the related property taxes become a lien the following December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

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Oliver Township

Notes to Financial Statements

March 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Tax Procedures and Collections (continued)

During the collection period prior to March 1, the Township Treasurer makes distribution of property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	<u>SEV</u>	<u>Taxable Value</u>	<u>Millage Rate</u>
General Operating	\$18,704,857	\$9,832,100	.8944
Hospital	\$18,704,857	\$9,832,100	1.7000

G. Investments

There were no investments during the audit year.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provision of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2006.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2006, no Township activity exceeded its budgeted appropriation.

NOTE 3 - EXPLANATION OF CERTAIN ADJUSTMENTS BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

Net capital assets of \$30,144 used in governmental activities are not financial resources and therefore are not reported in the fund.

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Oliver Township

Notes to Financial Statements

March 31, 2006

NOTE 4 - EXPLANATION OF CERTAIN ADJUSTMENT BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. Depreciation exceeded capital outlay by \$1,416 for the year.

NOTE 5 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Board, by resolution, may authorize the Treasurer to invest surplus funds as follows:

1. In bonds, securities, and other direct obligations of the United States or an agency or instrumentality of the United States.
2. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
3. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
4. Repurchase agreements consisting of instruments defined in (1) above.
5. In bankers' acceptances of United States Banks.
6. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

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Oliver Township

Notes to Financial Statements

March 31, 2006

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

B. Types of Deposits and Investments

The Township had \$74,750 deposited with local banks at March 31, 2006 with a carrying value of \$67,736. Interpreting the FDIC insurance coverage of \$100,000 per demand deposit account and \$100,000 per time deposit account in each depository, the Township had no uninsured deposits at March 31, 2006.

NOTE 6 - CAPITAL ASSETS

Capital assets of governmental activities consisted of the following at March 31,

	<u>03/31/05</u>	<u>Additions</u>	<u>Dispo- sitions</u>	<u>03/31/06</u>
Land and Buildings	\$ 45,887	\$ -	\$ -	\$ 45,887
Cemetery Land				
and Improvements	<u>12,805</u>	<u>-</u>	<u>-</u>	<u>12,805</u>
	58,692			58,692
Less Accumulated				
Depreciation	<u>(27,132)</u>	<u>(1,416)</u>	<u>-</u>	<u>(28,548)</u>
Total	<u>\$ 31,560</u>	<u>\$ (1,416)</u>	<u>\$ -</u>	<u>\$ 30,144</u>

NOTE 7 - LONG-TERM DEBT

There is no long-term debt, and no borrowing is anticipated in the near future.

NOTE 8 - INVENTORIES

Oliver Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses at time of purchase.

NOTE 9 - PENSION PLAN

The Township does not participate in a pension plan for its officials and employees. The Township does provide social security coverage for its officers and employees, in accordance with federal statutes.

Tobin & Co.

Oliver Township

Notes to Financial Statements

March 31, 2006

NOTE 10 – ACCOUNTS/TAXES RECEIVABLE

The delinquent taxes receivable of \$1,323 in the General Fund represent 2005 real property taxes and property tax administration fees returned to the County Treasurer for collection as of March 31, 2006.

NOTE 11- CONTINGENT LIABILITIES

Township officials are aware of no contingent liabilities

NOTE 12 -COMPENSATED ABSENCES

The Township has no compensated absence obligations at March 31, 2006.

NOTE 13-RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Oliver Township

Schedule 1

Page 1

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

General Fund

For the Year Ended March 31, 2006

<u>Revenues</u>	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 7,500	\$ 7,500	\$ 6,330	\$ (1,170)
Delinquent Taxes	1,000	1,000	1,346	346
Swamp Tax	9,500	9,500	9,525	25
Property Tax Administration Fees	2,200	2,200	2,290	90
Federal Grants:				
Election	4,800	4,800	4,800	-
State Grants:				
State Shared Revenues	17,300	17,300	17,763	463
Metro Act	-	-	2,064	2,064
Bankhead Jones	300	300	360	60
Charges for Services:				
Summer Tax Collection	1,900	1,900	1,829	(71)
Land Division	300	300	375	75
Interest and Rents:				
Interest	800	800	1,125	325
Other:				
Refunds, Reimbursements and Miscellaneous	600	600	818	218
Total Revenues	46,200	46,200	48,625	2,425
<u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	1,912	-
Contractual	-	-	186	-
Mileage	-	-	81	-
Printing and Publishing	-	-	25	-
Total	2,400	2,400	2,204	196
Total Legislative	2,400	2,400	2,204	196

The notes to the basic financial statements are an integral part of this statement.

Tobin & Co.

Oliver Township

Schedule 1

Page 2

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

General Fund

For the Year Ended March 31, 2006

<u>Expenditures (Continued)</u>	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	1,680	-
Other	-	-	8	-
Total	<u>1,800</u>	<u>1,800</u>	<u>1,688</u>	<u>112</u>
Elections:				
Salaries and Wages	-	-	1,395	-
Supplies	-	-	174	-
Mileage	-	-	98	-
Printing and Publishing	-	-	23	-
Total	<u>3,000</u>	<u>2,600</u>	<u>1,690</u>	<u>910</u>
Assessor:				
Salaries and Wages	-	-	4,290	-
Supplies	-	-	260	-
Contractual Services	-	-	501	-
Mileage	-	-	167	-
Rent	-	-	240	-
Other	-	-	150	-
Total	<u>6,300</u>	<u>6,300</u>	<u>5,608</u>	<u>692</u>
Clerk:				
Salaries and Wages	-	-	6,360	-
Supplies	-	-	349	-
Rent	-	-	240	-
Total	<u>7,000</u>	<u>7,000</u>	<u>6,949</u>	<u>51</u>

The notes to the basic financial statements are an integral part of this statement.

Tobin & Co.

Oliver Township

Schedule 1

Page 3

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

General Fund

For the Year Ended March 31, 2006

<u>Expenditures (Continued)</u>	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Board of Review:				
Salaries and Wages	-	-	390	-
Printing and Publishing	-	-	67	-
Total	900	900	457	443
Treasurer:				
Salaries and Wages	-	-	6,000	-
Supplies	-	-	157	-
Contractual Services	-	-	395	-
Mileage	-	-	146	-
Rent	-	-	240	-
Total	7,100	7,100	6,938	162
Township Hall and Grounds:				
Salaries and Wages	-	-	180	-
Supplies	-	-	138	-
Contractual Services	-	-	6,885	-
Public Utilities	-	-	2,177	-
Total	3,000	9,400	9,380	20
Cemetery:				
Salaries and Wages	-	-	1,618	-
Supplies	-	-	92	-
Total	4,100	4,100	1,710	2,390
Total General Government	33,200	39,200	34,420	4,780
Public Safety:				
Fire and Rescue	5,800	5,800	5,750	50

The notes to the basic financial statements are an integral part of this statement.

Tobin & Co.

Oliver Township

Schedule 1

Page 4

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

General Fund

For the Year Ended March 31, 2006

<u>Expenditures (Continued)</u>	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Employee Benefits and Insurance	<u>6,600</u>	<u>6,600</u>	<u>6,521</u>	<u>79</u>
Unallocated:				
Hospital Subsidy	-	-	91	-
Street Lights	-	-	234	-
Other	<u>-</u>	<u>-</u>	<u>152</u>	<u>-</u>
Total	<u>1,000</u>	<u>1,000</u>	<u>477</u>	<u>523</u>
Capital Outlay	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>-</u>
Contingencies	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Expenditures	<u>54,800</u>	<u>60,800</u>	<u>54,172</u>	<u>6,628</u>
Excess Revenues (Expenditures)	<u>\$ (8,600)</u>	<u>\$ (14,600)</u>	<u>(5,547)</u>	<u>\$ 9,053</u>
Fund Balance – Beginning of Year			<u>74,470</u>	
Fund Balance – End of Year			<u>\$ 68,923</u>	

The notes to the basic financial statements are an integral part of this statement.

Tobin & Co.

Oliver Township

Schedule 2

Statement of Changes in Assets and Liabilities

Current Tax Collection Fund

For the Year Ended March 31, 2006

<u>Assets</u>	<u>Balance</u> <u>3/31/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/06</u>
Cash	\$ 140	\$ 223,464	\$ 223,468	\$ 136
Total Assets	\$ 140	\$ 223,464	\$ 223,468	\$ 136
<u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 140	\$ 223,464	\$ 223,468	\$ 136
Total Liabilities	\$ 140	\$ 223,464	\$ 223,468	\$ 136

The notes to the basic financial statements are an integral part of this statement.

Tobin & Co.

Oliver Township

Schedule 3

2005 Property Tax Levy and Collections

For the Year Ended March 31, 2006

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County	5.4626	\$ 53,900	\$ 39,646	\$ 14,254
County Transit	0.2447	2,395	1,707	688
Hospital	1.7000	16,653	11,873	4,780
Sportsplex	0.7313	7,013	4,981	2,032
Commission on Aging	0.2500	2,447	1,745	702
Library	0.2500	2,447	1,745	702
Animal Control	0.2500	2,447	1,745	702
State Education	6.0000	58,971	45,917	13,054
School District	20.1000	92,171	81,329	10,842
Intermediate School District	2.9589	29,086	22,649	6,437
Township – General	0.8944	8,816	6,268	2,548
Total		<u>\$ 276,346</u>	<u>\$ 219,605</u>	<u>\$ 56,741</u>
Percent of Levy Collected	79.47%			

The notes to the basic financial statements are an integral part of this statement.

Tobin & Co.

Oliver Township

Schedule 4

Statement of Revenues, Expenditures and Balance

Property Tax Administration Fees

For the Year Ended March 31, 2006

Revenues

Property Tax Administration Fees	\$ 2,290
Summer Property Tax Collection Fee	<u>1,829</u>
Total	<u>4,119</u>

Expenditures

Assessor – 100%	5,608
Board of Review – 100%	457
Treasurer – 75%	5,204
Clerk – 5%	<u>347</u>
Total	<u>11,616</u>
Excess (Expenditures)	<u>\$ (7,497)</u>

The notes to the basic financial statements are an integral part of this statement.